

SDR-922-93-03
MTM 025437
3165.3 (922.1)

January 8, 1993

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DECISION

Mr. Rene' Morin		
Bluebonnet Energy Corporation)	SDR No. 922-93-03
8085 South Chester Street)	
Suite 114		
Englewood, Colorado 80112)	

Affirmed

Bluebonnet Energy Corporation (Bluebonnet) requested a State Director Review (SDR) (Enclosure 1) on December 22, 1992, of a letter from the Miles City District Office (MCDO) dated December 4, 1992, (Enclosure 2) assessing Bluebonnet \$500 for failure to obtain approval to plug and abandon the McCone Federal No. 9 water disposal well. The well is located in the SE¼SW¼ of sec. 22, T. 22 N., R. 46 E., McCone County, Montana, on Federal Oil and Gas Lease No. MTM 025437. Bluebonnet's request for an SDR was timely received on December 28, 1992.

On November 23, 1992, the MCDO received a Subsequent Notice of Abandonment for the No. 9 well. Bluebonnet informed the MCDO that the well was plugged on October 21 and 22, 1992. On December 4, 1992, the MCDO notified Bluebonnet by letter of the violation.

Bluebonnet presented arguments in their SDR request that (1) the Environmental Protection Agency (EPA) advised Bluebonnet that the EPA had jurisdiction over all injection wells in the State of Montana; (2) although prior approval was not obtained by the BLM, the physical plugging and abandonment of the well was performed to meet the BLM and EPA standards; and (3) the EPA was notified prior to abandonment. Bluebonnet felt that the assessment was excessive for the oversight of an administrative function.

The Code of Federal Regulations (CFR) 3162.3-4 states in part, "The operator shall promptly plug and abandon, in accordance with a plan first approved in writing or prescribed by the authorized officer...." Furthermore, Onshore Oil and Gas Order No. 1, Section V. states, "No well abandonment operations may be commenced without prior approval of the authorized officer." The 43 CFR 3163.1(b)(3) states that failure to obtain approval for plugging a well will result in an assessment of \$500.

Based on the above, we hereby affirm the MCDO's decision to assess Bluebonnet for failure on Bluebonnet's part to obtain approval to plug and abandon the McCone Federal No. 9 well.

This Decision may be appealed to the Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR 4.400 and Form 1842-1 (Enclosure 3). If an appeal is taken, a Notice of Appeal must be filed in this office at the aforementioned address within 30 days from receipt of this Decision. A copy of the Notice of Appeal and of any statement of reasons, written arguments, or briefs must also be served on the Office of the Solicitor at the address shown on Form 1842-1. It is also requested that a copy of any statement of reasons, written arguments, or briefs be sent to this office. The appellant has the burden of showing that the decision appealed from is in error.

/s/ Thomas P. Lonnie
Thomas P. Lonnie

Thomas P. Lonnie
Deputy State Director
Division of Mineral Resources

3 Enclosures

- 1-Bluebonnet SDR dated December 22, 1992 (1 p)
- 2-MCDO Assessment Letter dated December 4, 1992 (1 p)
- 3-Form 1842-1 (1 p)

cc: (w/encls.)

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